

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 3693-01  
BILL NO.: HB 1552  
SUBJECT: Education, Elementary and Secondary: Per Pupil Funding  
TYPE: Original  
DATE: March 1, 2000

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**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON STATE FUNDS</b>                          |                  |                  |                  |
|---|------------------|------------------|------------------|
| FUND AFFECTED   | FY 2001          | FY 2002          | FY 2003          |
| State School Moneys   | (UNKNOWN)        | (UNKNOWN)        | (UNKNOWN)        |
|   |                  |                  |                  |
| <b>Total Estimated<br/>Net Effect on <u>All</u><br/>State Funds</b> | <b>(UNKNOWN)</b> | <b>(UNKNOWN)</b> | <b>(UNKNOWN)</b> |

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                          |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2001    | FY 2002    | FY 2003    |
|   |            |            |            |
| <b>Total Estimated<br/>Net Effect on <u>All</u><br/>Federal Funds</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

| <b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b> |                |                |                |
|--|----------------|----------------|----------------|
| FUND AFFECTED                              | FY 2001        | FY 2002        | FY 2003        |
| <b>Local Government</b>                    | <b>UNKNOWN</b> | <b>UNKNOWN</b> | <b>UNKNOWN</b> |

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 3 pages.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **State Tax Commission** assume the proposal would result in no fiscal impact to the agency.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume that although the cost is unknown, DESE's budget request for the formula each year takes into account the growth in the GTB; therefore, the cost for this proposal may not be significantly different from the number projected annually by DESE.

However, the amount of increase by district could change with this provision as compared to the current formula since there is a guaranteed amount even though the formula calculation indicates the district should receive a lower amount per eligible pupil. Some districts will receive more state revenue per eligible pupil with this proposal than they would following the exact formula calculation even though they may have decreased the tax rate, had increasing local property tax revenue, or some other change specific to the district. This proposal has a negative impact on the equity of the formula as it relates to both equal combined local and state revenue on a per pupil per penny of tax rate basis and equal combined local and state revenue per pupil.

| <u>FISCAL IMPACT - State Government</u> | FY 2001<br>(10 Mo.) | FY 2002 | FY 2003 |
|---|---------------------|---------|---------|
|---|---------------------|---------|---------|

### **STATE SCHOOL MONEYS FUND**

#### Cost-Department of Elementary and Secondary Education (DESE)

|           |                  |                  |                |
|-----------|------------------|------------------|----------------|
| State Aid | <u>(UNKNOWN)</u> | <u>(UNKNOWN)</u> | <u>UNKNOWN</u> |
|-----------|------------------|------------------|----------------|

| <u>FISCAL IMPACT - Local Government</u> | FY 2001<br>(10 Mo.) | FY 2002 | FY 2003 |
|---|---------------------|---------|---------|
|---|---------------------|---------|---------|

### **SCHOOL DISTRICTS**

#### Income-School Districts

|           |                |                |                |
|-----------|----------------|----------------|----------------|
| State Aid | <u>UNKNOWN</u> | <u>UNKNOWN</u> | <u>UNKNOWN</u> |
|-----------|----------------|----------------|----------------|

#### FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

### DESCRIPTION

JM:LR:OD:005 (9-94)

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When the proration factor in the school foundation formula is no less than 1.0, the percentage increase in the amount of state school aid per eligible pupil compared to the previous year would be no less than the previous year's percentage growth in the guaranteed tax base. If the proration factor is less than 1.0, then the amount per eligible pupil would be no less than the prior year's amount per eligible pupil.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
State Tax Commission

A handwritten signature in black ink, appearing to read "Jeanne Jarrett".

Jeanne Jarrett, CPA  
Director  
March 1, 2000